

LEASE-PURCHASE AGREEMENT

THIS LEASE-PURCHASE AGREEMENT (the **"Lease"**) is made and entered into this _____ day of _____, 2006 among Union Bank & Trust Company, Lincoln, Nebraska, a state banking corporation duly organized and validly existing under the laws of the State of Nebraska, as lessor, (the **"Lessor"**), The City of Lincoln, Nebraska, a city of the primary class and political subdivision duly organized and validly existing under the laws of the State of Nebraska, as lessee (the **"City"**), and Union Bank & Trust Company, Lincoln, Nebraska, a state banking corporation duly organized and validly existing under the laws of the State of Nebraska, as registrar and paying agent (the **"Registrar"**).

WHEREAS, the Lessor proposes to (a) purchase those items of personal property listed on **Exhibit A** attached hereto, together with all replacements, repairs and additions incorporated therein or affixed thereto (the **"Leased Property"**) pursuant to certain contracts, purchase orders or other written instruments (collectively, the **"Contracts"**), (b) finance its acquisition of the Leased Property by the issuance of certificates of participation in substantially the form attached hereto as **Exhibit B** (the **"Certificates"**), such Certificates constituting assignments to the registered owners thereof (the **"Registered Owners"**) of proportionate interests in the right of the Lessor to receive certain payments from the City under this Lease, and (c) lease the same to the City as provided herein.

NOW, THEREFORE, the parties do hereby covenant and agree as follows:

1. The City hereby assigns all of its right, title and interest in and to the Contracts to the Lessor and the Lessor hereby accepts such assignment.

2. The Lessor hereby agrees to lease to the City, and the City hereby agrees to lease from the Lessor, the Leased Property upon the following terms and conditions:

(a) The Lessor hereby appoints the City as its agent to acquire the Leased Property as provided herein. The City will accept the Leased Property as soon as it has been delivered and is operational or, in the event that the manufacturer or vendor allows a pre-acceptance test period, as soon as the test period has expired. The City will evidence its acceptance of the Leased Property by executing and delivering to the Lessor a delivery and acceptance certificate. To the extent the same is not paid from the proceeds of the issuance, sale and delivery of the Certificates, the City will pay all transportation and

other costs, if any, in connection with the delivery of the Leased Property. The City shall keep and maintain the Leased Property at the location(s) specified for such Leased Property on **Exhibit A**.

(b) The term of this Lease shall be for a period of ____ years, ____ months and ____ days, commencing _____, 2006 and ending on March 1, 2016; provided, however, that the lease period for all items of Leased Property shall terminate upon the earliest of any of the following events:

(1) the exercise by the City of the option to purchase the Leased Property granted under the provisions of **Section 2(l)** hereof;

(2) a default by the City under **Section 2(t)** hereof and the Lessor's election to terminate this Lease under **Section 2(u)** hereof; or

(3) the payment by the City of all Rental Payments (hereinafter defined) authorized or required to be paid by the City hereunder.

(c) The City shall pay to the Lessor basic cash rent (each payment a "**Rental Payment**" and collectively, the "**Rental Payments**") in the aggregate principal amount of _____ Dollars (\$ _____), a portion of which represents the payment of interest, as set forth in the following schedule:

<u>Lease Payment Date</u>	<u>Principal Installment Due</u>	<u>Interest Installment Due</u>	<u>Total Amount Due</u>
September 1, 2006			
March 1, 2007			
September 1, 2007			
March 1, 2008			
September 1, 2008			
March 1, 2009			
September 1, 2009			
March 1, 2010			
September 1, 2010			
March 1, 2011			
September 1, 2011			
March 1, 2012			
September 1, 2012			
March 1, 2013			
September 1, 2013			
March 1, 2014			
September 1, 2014			
March 1, 2015			
September 1, 2015			
March 1, 2016			

TOTALS

The City shall not be required to make a Rental Payment to the extent there are funds on deposit in the Payment Fund (established in **Section 10** hereof) that are available and may be applied to such Rental Payment on the date such Rental Payment is due and owing. The City hereby agrees to make all Rental Payments due hereunder to the Registrar.

The City agrees to pay as additional rent all taxes as provided by **Section 2(m)** hereof. All Rental Payments will be absolute and unconditional in all events and will not be subject to any set-off, defense, counterclaim, or recoupment for any reason whatsoever.

The City covenants that the rentals payable under this Lease do not exceed any limitation imposed by law, and that such rentals are not such as may reasonably be expected to require the City to levy taxes in excess of any levy or budget limit. The City shall continue to be responsible to raise funds to pay and to take all actions required to provide funds to make the Rental Payments and all other amounts as herein required from any power and source lawfully available to it. The City further covenants and agrees that throughout the term of this Lease it will observe all budget and spending limitations now or hereafter imposed by law in such a manner that a sufficient portion of its tax levy or other money shall be lawfully available to pay all Rental Payments and all other amounts due under this Lease.

(d) All Rental Payments due hereunder shall be paid to the Registered Owners by the Registrar.

(e) The City shall have and is hereby granted the option to prepay from time to time the amounts payable under this Lease at any time the Certificates herein authorized are subject to redemption prior to maturity in sums sufficient to redeem or to pay or cause to be paid all or part of the Certificates in accordance with the provisions of this Lease. Upon the deposit of money in escrow with a national or state bank having trust powers in an amount sufficient to redeem Certificates subject to redemption, the Lessor shall take all steps necessary under the applicable redemption provisions of the Certificates to effect redemption of all or part of the then outstanding Certificates, as may be specified by the City, on the date established for such redemption, and the Rental Payments due pursuant to **Section 2(c)** hereof shall be adjusted accordingly.

(f) The City hereby agrees to indemnify and save the Lessor and the Registrar harmless from any and all liability and expense arising out of the ordering, ownership, use, condition, or operation of each item of Leased Property during the term of this Lease, including liability for death or injury to persons, damage to property, strict liability under the laws or judicial decisions of any state or the United States of America, and legal expenses in defending any claim brought to enforce any such liability or expense, but excluding any liability for which the City is not responsible under **Section 2(m)** hereof.

(g) The Leased Property may be used by the City for any purpose it desires; provided, however, that the City will make no use of the Leased Property or allow the Leased Property to be used in any manner that would cause the interest installments on the Certificates to be included in the gross income of any Registered Owner for federal income tax purposes. The Leased Property will have a useful life in the hands of the City that is in excess of the term of this Lease.

(h) This Lease cannot be canceled or terminated except as expressly provided herein.

(i) The City acknowledges that the Lessor is causing the Certificates to be issued in order to finance the Leased Property pursuant to the Contracts and to pay the expenses of obtaining such financing, and the City does hereby consent thereto. It is understood and agreed by the parties hereto that all payments by the City to the Registrar for the account of the Lessor hereunder shall constitute full and final discharge of the City's obligations in respect thereof under this Lease; that any default or failure by the Lessor or the Registrar in the making of any payments pursuant to the Certificates to the Registered Owners shall not give rise to any right or claim on behalf of such Registered Owners against the City; and that the Lessor and the Registrar shall indemnify and hold the City harmless in connection with claims for

amounts due the Registered Owners, to the extent that the City shall have tendered to the Registrar for the account of the Lessor the payments provided for herein.

(j) The parties acknowledge that all or part of the Leased Property has not yet been delivered. The Registrar agrees to pay for the Leased Property from money in the Acquisition Fund established by **Section 11** hereof, as and when so directed in accordance with **Section 12** hereof. The parties further covenant and agree that any Certificate proceeds not expended to acquire the Leased Property by _____, 2009, shall, by the Lessor, without further authorization or direction, be applied to the payment and retirement of Certificates to the fullest extent possible.

(k) Title to the Leased Property shall be vested in the City, and the City hereby grants to the Lessor a security interest in the Leased Property until such time as all obligations of the City hereunder have been satisfied and discharged. The City covenants that it will do, execute, acknowledge, deliver and file of record, or cause to be done, executed, acknowledged, delivered and filed of record, such appropriate Nebraska Uniform Commercial Code ("U.C.C.") financing and continuation statements as may be required by law in order to create, vest and perfect in favor of the Lessor a U.C.C. security interest in and to the Leased Property. Upon the termination of this Lease, if the City has made all the payments due to the Lessor under the terms of this Lease, the Lessor will release and discharge such financing and continuation statements of record and shall provide the City with such other evidence as the City shall reasonably request evidencing that the Leased Property is free and clear of all liens and encumbrances, except any encumbrances permitted pursuant to the provisions of this Lease or caused by default of the City hereunder. The Leased Property shall remain personal property regardless of its attachment to realty, and the City agrees to take such action at its expense as may be necessary to prevent any third party from acquiring any interest in the Leased Property as a result of its attachment to realty.

(l) The City shall have, and is hereby granted the option to purchase the Leased Property at any time, at a purchase price equal to the amount which, together with investment earnings thereon, is sufficient to pay the principal of and interest on the Certificates to maturity or such date of redemption for the Certificates as shall be specified by the City in the notice hereinafter referred to, plus such amount as shall be necessary to pay the Registrar's fees and expenses accrued and to accrue until final payment and redemption of the Certificates. The City shall give notice of its election to purchase the Leased Property granted herein not less than 30 days prior to the day specified in such notice for the closing of the purchase of the Leased Property. Upon the giving of such notice and the deposit of money as required by this **Section 2(l)**, the Lessor shall release and discharge all financing and continuation statements and take all other actions as provided by **Section 2(k)** hereof.

(m) The City shall keep the Leased Property free and clear of all levies, liens and encumbrances except those created under this Lease. The City shall comply with all laws and regulations relating to the Leased Property and its use and shall promptly pay, if and when due, all sales, use, property, excise and other taxes and all license and registration fees now or hereafter imposed by any governmental body or agency upon the Leased Property or its use or the rentals hereunder excluding, however, any taxes on or measured by the Lessor's net income. Upon request by the Lessor, the City shall prepare and file all tax returns relating to taxes for which the City is responsible hereunder which the City is permitted to file under the laws of the applicable taxing jurisdiction.

(n) Except as otherwise provided in this Lease, without the prior written consent of the Registered Owners of not less than two-thirds of the aggregate principal amount of Certificates at the time outstanding, the City shall not sell, assign, sublet, pledge, or otherwise encumber or permit a lien arising through the City to exist on or against any interest in this Lease or the Leased Property or remove the Leased Property from its location referred to in **Section 2(a)** above. The Lessor may assign its interest in this Lease without the City's consent. The City agrees not to assert against any assignee of the Lessor any claim or defense the City may have against the Lessor.

(o) The Lessor may inspect the Leased Property at any time and from time to time during regular business hours.

(p) The City will use the Leased Property with due care and for the purpose for which it is intended. The City will maintain the Leased Property in good repair, condition and working order and will furnish all parts and services required therefor, all at its expense. All such parts when furnished shall immediately become part of the Leased Property for all purposes hereof.

(q) In the event the Leased Property shall become lost, stolen, destroyed, damaged beyond repair or rendered permanently unfit for use for any reason, or in the event of condemnation or seizure of the Leased Property, the City shall promptly pay to the Registrar for the account of the Lessor the amount of all rent and other amounts payable by the City hereunder due but unpaid at the date of such payment plus such amount as shall be necessary to provide for the payment of the principal of and interest on the Certificates to maturity or earlier redemption as shall be determined by the City. Upon payment of such amount to the Registrar, the Leased Property shall become the property of the City, the Lessor will transfer to the City, without recourse or warranty, all of the Lessor's right, title and interest therein, and the rent hereunder shall terminate. The City shall pay any sales and use taxes due on such transfer. Any insurance or condemnation proceeds received shall be credited to the City's obligation under this **Section 2(q)** and the City shall be entitled to any surplus.

(r) The City shall obtain and maintain on or with respect to the Leased Property at its own expense (1) liability insurance against liability for bodily injury and (2) property damage with a minimum limit of \$1,000,000 combined single limit and physical damage insurance insuring against loss or damage to the Leased Property in an amount not less than the full replacement value of the Leased Property. The City shall furnish the Lessor with a certificate of insurance evidencing the issuance of a policy or policies to the City in at least the minimum amounts required herein, naming the Lessor as an additional insured thereunder for the liability coverage and as loss payee for the property damage coverage. Each such policy shall be in such form and with such insurers as may be satisfactory to the Lessor, and shall contain a clause requiring the insurer to give to the Lessor at least 10 days prior written notice of any alteration in the terms of such policy or the cancellation thereof, and a clause specifying that no action or misrepresentation by the City shall invalidate such policy. The Lessor shall be under no duty to ascertain the existence of or to examine any such policy or to advise the City in the event any such policy shall not comply with the requirements hereof. In the event that the City has been permitted to self-insure, the City will furnish the Lessor with a letter or certificate to such effect.

(s) The City may sell, trade in, exchange or otherwise dispose of any item constituting a part of the Leased Property without any responsibility or accountability to the Lessor therefor, provided that the City substitutes and installs anywhere in the City other property or equipment having equal or greater market value (but not necessarily the same function) in the operation of the City. All such substituted property or equipment shall be free of all liens and encumbrances (other than the lien of this Lease), shall be and become part of the Leased Property, and shall be held by the City on the same terms and conditions as items originally comprising the Leased Property. The City will pay any costs (including reasonable counsel fees) incurred in subjecting to the lien of this Lease any items of equipment or other property that under the provision of this **Section 2(s)** are to become a part of the Leased Property or in releasing such property or equipment from the lien of this Lease. The City will not remove or permit the removal of any of the Leased Property from the City's control, except in accordance with the provisions of this **Section 2(s)**.

The eligibility of Leased Property to be released from the lien of this Lease shall be evidenced by a certificate signed by the City and delivered to the Lessor, confirming the City's compliance with this **Section 2(s)**. Upon receipt of such certificates from time to time, the Lessor shall promptly execute and

deliver to the City such partial releases, bills of sale and other documents as may be required to vest title to the items of Leased Property so released, free of lien of any security interest provided for herein, or other purchaser or recipient of such Leased Property.

(t) Each of the following events shall constitute an “**Event of Default**” hereunder: (1) the City shall fail to make each Rental Payment when due; (2) the City shall fail to observe or perform any other agreement to be observed or performed by the City hereunder and the continuance thereof for 10 calendar days following written notice thereof by the Lessor to the City; (3) the City makes an assignment for the benefit of creditors; (4) the City shall voluntarily file, or have filed against it involuntarily, a petition for liquidation, reorganization, adjustment of debt, or similar relief under the federal Bankruptcy Code or any other present or future federal or state bankruptcy or insolvency law, or a trustee, receiver, or liquidator shall be appointed of it or all or a substantial part of its assets; and (5) an event of default shall occur under any other obligation of the City (or an assignee of the City) owed to the Lessor (or an assignee of the Lessor).

(u) The Lessor and the City agree that the Lessor’s damages suffered by reason of an Event of Default are uncertain and not capable of exact measurement at the time this Lease is executed because the value of the Leased Property at the expiration of this Lease is uncertain, and therefore they agree that for purposes of this **Section 2(u)**, the “**Lessor’s Loss**” as of any date shall be the sum of the following: (1) the amount of all rent and other amounts payable by the City hereunder due but unpaid as of such date plus (2) such amount as shall be necessary to provide for the payment of the principal of and interest on the Certificates to maturity or earlier redemption as shall be determined by the Lessor.

Upon the occurrence of an Event of Default and at any time thereafter, the Lessor may exercise any one or more of the remedies listed below as the Lessor in its sole discretion may lawfully elect; provided, however, that upon the occurrence of an Event of Default specified in **Section 2(t)(4)** an amount equal to the Lessor’s Loss as of the date of such occurrence shall automatically be and become immediately due and payable without notice or demand of any kind.

(1) The Lessor may, by written notice to the City, terminate this Lease and declare an amount equal to the Lessor’s Loss as of the date of such notice to be immediately due and payable, and the same shall thereupon be and become immediately due and payable without further notice or demand, and all rights of the City to use the Leased Property shall terminate but the City shall be and remain liable as provided in this **Section 2(u)**. The City shall at its expense promptly deliver the Leased Property to the Lessor at a location or locations designated by the Lessor. The Lessor may also enter upon the premises where the Leased Property is located and take immediate possession of and remove the same with or without instituting legal proceedings.

(2) The Lessor may proceed by appropriate court action to enforce performance by the City of the applicable covenants of this Lease or to recover, for breach of this Lease, the Lessor’s Loss as of the date the Lessor’s Loss is declared due and payable hereunder; provided, however, that upon recovery of the Lessor’s Loss from the City in any such action without having to repossess and dispose of the Leased Property, the Lessor shall transfer the Leased Property to the City at its then location upon payment of any additional amount due under **Sections 2(u)(3), (4) or (5)** below.

(3) In the event the Lessor repossesses the Leased Property, the Lessor shall either retain the Leased Property in full satisfaction of the City’s obligation hereunder or sell or lease each item of Leased Property in such manner and upon such terms as the Lessor may in its sole discretion determine. The proceeds of such sale or lease shall be applied to reimburse the Lessor for the Lessor’s Loss and any additional amount due under **Sections 2(u)(4) or (5)** below. The Lessor shall be entitled to any surplus and the City shall remain liable for any deficiency. For

purposes of this **Section 2(u)(3)**, the proceeds of any lease of all or any part of the Leased Property by the Lessor shall be the amount reasonably assigned by the Lessor as the cost of such Leased Property in determining the rent under such Lease.

(4) The Lessor may recover interest on the unpaid balance of the Lessor's Loss from the date it becomes payable until fully paid at the rate of 10% per annum.

(5) The Lessor may exercise any other right or remedy available to it by law or by agreement, and may in any event recover legal fees and other expenses incurred by reason of an Event of Default or the exercise of any remedy hereunder, including expenses of repossession, repair, storage, transportation and disposition of the Leased Property.

No remedy given in this **Section 2(u)** is intended to be exclusive, and each shall be cumulative but only to the extent necessary to permit the Lessor to recover amounts for which the City is liable hereunder. No express or implied waiver by the Lessor of any Event of Default shall constitute a waiver of any other Event of Default.

(v) In making this Lease, the City is exercising the power granted to it pursuant to Section 15-201.02, Reissue Revised Statutes of Nebraska, as amended. The City hereby determines that the Leased Property is essential to its proper, efficient and economic operation and desires to enter into this Lease for the acquisition of the Leased Property under the terms hereof, which Leased Property is necessary for the governmental functions of the City, and the parties agree that such Leased Property shall be for the exclusive use and benefit of the City. The Lessor represents and warrants that it is neither the manufacturer nor a dealer or merchant of the Leased Property, but has agreed to provide the funding for and on behalf of the City for the financing of the Leased Property under the terms hereof at the specific request of the City.

(w) The City represents and warrants and, so long as this Lease is in effect or any part of the City's obligations to the Lessor remain unfulfilled, shall continue to warrant at all times as follows:

(1) The City is duly organized and validly existing and has the power and authority to enter into this Lease and to carry out the terms of this Lease and to do all other acts necessary or advisable to consummate and effectuate the transaction contemplated by this Lease and to carry out its obligations hereunder.

(2) The City has authorized the execution and delivery of this Lease and has or will do or cause to be done all things necessary to preserve and keep in full force and effect its existence; the performance of the City's obligations hereunder have been duly and validly authorized and approved under all laws and regulations and procedures applicable to the City, the consent of all necessary persons or bodies have been obtained and duly and validly executed and delivered, and this Lease constitutes a valid, legal and binding obligation of the City enforceable against the City in accordance with the respective terms hereof.

(3) The City has complied with all bidding requirements, if necessary, and any and all appropriations, funding, hearing or other requirements under law, and that no other consent, approval or ratification of the terms hereof are necessary for this Lease to be valid.

(4) The City warrants that it will do or cause to be done all things necessary to preserve and keep this Lease in full force and effect during its existence.

(x) The City agrees that it has selected each item of Leased Property based upon its own judgment and disclaims any reliance upon any statements or representations made by the Lessor. THE

LESSOR MAKES NO WARRANTY WITH RESPECT TO THE LEASED PROPERTY, EXPRESS OR IMPLIED, AND THE LESSOR SPECIFICALLY DISCLAIMS ANY WARRANTY OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE AND ANY LIABILITY FOR THE CONSEQUENTIAL DAMAGES ARISING OUT OF THE USE OF OR THE INABILITY TO USE THE LEASED PROPERTY. The City agrees to make the rental and other payments required hereunder without regard to the condition of the Leased Property and to look only to persons other than the Lessor, such as the manufacturer, vendor or carrier thereof, should any item of Leased Property for any reason be defective. So long as no Event of Default has occurred and is continuing, the Lessor agrees, to the extent they are assignable, to assign to the City, without any recourse to the Lessor, any warranties received by the Lessor.

(y) The Lessor may assign its rights, title and interest in and to this Lease, the Leased Property and any other documents executed with respect to this Lease and/or grant or assign a security interest in this Lease and the Leased Property, in whole or in part. Any such assignees shall have all of the rights of the Lessor under this Lease. Upon assignment of the Lessor's interest herein, the Lessor will cause written notice of such assignment to be sent to the City, which will be sufficient if it discloses the name of the assignee and address to which further payments hereunder should be made. No further action will be required by the Lessor or by the City to evidence the assignment, but the City will acknowledge such assignments in writing if so requested and will provide such further certifications and acknowledgments as reasonably requested by the Lessor.

(z) The Lessor and the City acknowledge that the Internal Revenue Code of 1986, as amended (the "**Code**"), requires that a book-entry record be maintained with respect to the Lease that identifies each Registered Owner's interest in the Lease. The Registrar hereby agrees to maintain such record pursuant to and in accordance with the terms of the Lease.

3. The Certificates shall (a) be issued in the aggregate principal amount of \$[Principal Amount]; (b) be delivered in the form of fully registered certificates without coupons in denominations of \$5,000 or any integral multiple thereof; (c) be numbered from R-1 upward in order of issuance; (d) be in substantially the form set forth in **Exhibit B** attached hereto; (e) be dated the date of delivery thereof and payment therefor; (f) bear interest calculated on the basis of a 360-day year consisting of twelve 30-day months and mature on the dates and in the principal amounts all as set forth below:

<u>Principal Amount</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>
,000	2007	
,000	2008	
,000	2009	
,000	2010	
,000	2011	
,000	2012	
,000	2013	
,000	2014	
,000	2015	
,000	2016	

Interest on the Certificates is payable semiannually on March 1 and September 1 of each year, beginning September 1, 2006, until maturity or earlier redemption to the Registered Owner by check or draft mailed on the date such interest is payable by the Registrar or its successor to such Registered Owner's address as it appears on the registration books maintained by the Registrar as of the close of business on the fifteenth day of the month immediately preceding the month in which interest on the Certificates is payable. The principal of the Certificates and the interest due at maturity or upon redemption prior to maturity is payable in lawful money of the United States of America that at the time of payment is legal tender for the payment of public and private debts to the Registered Owners upon presentation and surrender of such Certificates to the Registrar upon maturity or earlier redemption. The semi-annual payments with respect to the Certificates, including the principal thereof and the interest thereon, to be made pursuant to this **Section 3** are hereinafter referred to as "**Distributions.**"

4. Certificates maturing on or before March 1, 201__ shall not be subject to redemption prior to maturity. Certificates maturing on or after March 1, 201__ shall be redeemable at the option of the Lessor upon direction of the City at any time on or after _____, 201__ at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption. If less than all of the Certificates are redeemed at any time, they shall be redeemed in such principal amounts and from such maturity or maturities as the City, in its sole discretion, shall direct in integral multiples of \$5,000. Any Certificate redeemed in part only shall be surrendered to the Registrar in exchange for a new Certificate evidencing the unredeemed principal amount thereof. Notice of redemption of any Certificate called for redemption shall be given at the direction of the City by the Registrar by mail not less than 30 days prior to the date fixed for redemption, first-class, postage prepaid, sent to the Registered Owner at such Registered Owner's address. Notice of redemption need not be given to the Registered Owner of any Certificate who has waived notice of redemption. The City shall give written notice to the Registrar of its election to redeem Certificates at least 45 days prior to the redemption date, or such shorter period as shall be acceptable to the Registrar. Such notice shall designate the Certificate or Certificates to be redeemed by maturity or otherwise, the date fixed for

redemption and shall state that such Certificate or Certificates are to be presented for prepayment at the designated corporate trust administration office of the Registrar (the **“Designated Office”**). In case of any Certificate partially redeemed, such notice shall specify the portion of the principal amount of such Certificate to be redeemed. No defect in the mailing of notice for any Certificate shall affect the sufficiency of the proceedings of the City designating the Certificates called for redemption or the effectiveness of such call for Certificates for which notice by mail has been properly given and the City shall have the right to direct further notice of redemption for any such Certificate for which defective notice has been given. If on or before the redemption date funds sufficient to pay the Certificates so called for redemption, at the applicable redemption price and accrued interest to such date, have been deposited by the City with the Registrar for the purposes of such payment and notice of redemption thereof has been given or waived as hereinbefore provided, then from and after the date fixed for redemption, interest on the Certificates so called shall cease to accrue and become payable. If funds shall not have been deposited with the Registrar as specified on or before the date fixed for redemption, such call for redemption shall be revoked and the Certificates so called for redemption shall continue to be outstanding to the same extent as though they had not been called, and shall continue to bear interest until paid at the rate they would have borne had they not been called for redemption, and shall continue to be protected by this Lease and entitled to the benefits and security hereof.

5. Each of the Certificates shall be executed in the name of, and by, the Lessor by the manual or facsimile signature of an authorized officer of the Lessor and shall be authenticated by the manual signature of an authorized officer of the Registrar. The Certificates shall be issued initially as book-entry certificates using the services of The Depository Trust Company (the **“Depository”**), with one printed, physical certificate per maturity being issued to the Depository. In such connection said officers are authorized to execute and deliver a letter of understanding and representation (the **“Representation Letter”**) in the form required by the Depository, for and on behalf of the Lessor, which shall thereafter govern matters with respect to registration, transfer, payment and redemption of the Certificates. Upon the issuance of the Certificates as book-entry certificates, the following provisions shall apply:

(a) The Lessor, the City and the Registrar shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which the Depository holds Certificates as securities depository (each, a **"Participant"**) or to any person who is an actual purchaser of a Certificate from the Participant while the Certificates are in book-entry form (each, a **"Beneficial Owner"**) with respect to the following:

(1) the accuracy of the records of the Depository, any nominees of the Depository or any Participant with respect to any ownership interest in the Certificates;

(2) the delivery to any Participant, any Beneficial Owner or any other person, other than the Depository, of any notice with respect to the Certificates, including any notice of redemption; or

(3) the payment to any Participant, any Beneficial Owner or any other person, other than the Depository, of any amount with respect to the Certificates. The Registrar shall make payments with respect to the Certificates only to or upon the order of the Depository or its nominee, and all such payments shall be valid and effective fully to satisfy and discharge the obligations with respect to such Certificates to the extent of the sum or sums so paid. No person other than the Depository shall receive an authenticated Certificate.

(b) Upon receipt by the Registrar of written notice from the Depository to the effect that the Depository is unable or unwilling to discharge its responsibilities, the Registrar shall issue, transfer and exchange Certificates requested by the Depository in appropriate amounts. Whenever the Depository requests the Lessor and the Registrar to do so, the Lessor and the Registrar will cooperate with the Depository in taking appropriate action after reasonable notice (1) to arrange, with the prior written consent of the City, for a substitute depository willing and able upon reasonable and customary terms to maintain custody of the Certificates or (2) to make available Certificates registered in whatever name or names the Beneficial Owners transferring or exchanging such Certificates shall designate.

(c) Subject to any operational requirements of the Depository, if the City determines that it is desirable that certificates representing the Certificates be delivered to the Participants and/or Beneficial Owners of the Certificates and so notifies the Lessor and the Registrar in writing, the Registrar shall so notify the Depository, whereupon the Depository will notify the Participants of the availability through the Depository of certificates representing the Certificates. In such event, the Lessor and the Registrar shall issue, transfer or exchange certificates representing the Certificates as requested by the Depository in appropriate amounts and in authorized denominations.

(d) Notwithstanding any other provision of this Lease to the contrary, so long as any Certificate is registered in the name of the Depository or any nominee thereof, all payments with respect to such Certificate and all notices with respect to such Certificate shall be made and given, respectively, to the Depository as provided in the Representation Letter.

(e) Registered ownership of the Certificates may be transferred on the books of registration maintained by the Registrar, and the Certificates may be delivered in physical form to the following:

(1) any successor securities depository or its nominee;

(2) any persons, upon (A) the resignation of the Depository from its functions as depository or (B) termination of the use of the Depository pursuant to this **Section 5**.

(f) In the event of any partial redemption of a Certificate unless and until such partially redeemed Certificate has been replaced in accordance with the provisions of **Section 4** hereof the books and records of the Registrar shall govern and establish the principal amount of such Certificate as is then outstanding and all of the Certificates issued to the Depository or its nominee shall contain a legend to such effect.

If for any reason the Depository resigns and is not replaced, the City shall immediately provide a supply of printed, physical certificates for issuance upon the transfers from the Depository and subsequent transfers or in the event of partial redemption. In the event that such supply of certificates shall be insufficient to meet the requirements of the Lessor and the Registrar for issuance of replacement Certificates upon transfer or partial redemption, the City agrees to order printed an additional supply of certificates and to direct their execution by manual or facsimile signature of an authorized officer of the Lessor and the authentication by the manual signature of an authorized officer of the Registrar. In case any officer whose signature or facsimile thereof shall appear on any Certificate shall cease to be such officer before the delivery of such Certificate (including any certificates delivered to the Registrar for issuance upon transfer), such signature or such facsimile signature shall nevertheless be valid and sufficient for all purposes the same as if such officer or officers had remained in office until the delivery of such Certificate. The Certificates shall not be valid and binding until authenticated by the Registrar. The Certificates shall be delivered to the Registrar for registration and authentication. Upon execution, registration and authentication of the Certificates, they shall be delivered to the Registrar, who is authorized to deliver them to _____ (the "**Purchaser**") upon receipt of \$_____ (representing the aggregate principal amount of the Certificates, less original issue discount in the amount of \$_____ and less an underwriting discount in the amount of \$_____). The Purchaser shall have the right to direct the registration of the Certificates and the denominations thereof within each maturity, subject to the restrictions of this Lease.

6. Each Certificate shall be transferable only upon the Certificate register, which shall be kept for that purpose at the Designated Office of the Registrar, upon surrender thereof together with a

written instrument of transfer satisfactory to the Registrar duly executed by the Registered Owner or his or her duly authorized attorney. Upon the registration of the transfer and the surrender of any such Certificate, the Registrar shall provide, in the name of the transferee, a new Certificate or Certificates of the same series, maturity and aggregate principal amount and bearing interest at the same rate as the surrendered Certificates. The Certificates shall be negotiable as provided by law subject to the provisions for registration and transfer contained in this Lease and in the Certificates. The Lessor, the Registrar and the City shall deem and treat the person in whose name any outstanding Certificate shall be registered upon the Certificate register as the absolute owner of such Certificate, whether such Certificate shall be overdue or not, for the purpose of receiving payments of, or on account of, such Certificate and for all other purposes and the Registrar, the Lessor and the City shall not be affected by any notice to the contrary; and all such payments so made to any such Registered Owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid.

7. In all cases in which the privilege of exchanging or transferring Certificates is exercised, the Lessor shall execute and the Registrar shall authenticate and deliver Certificates in accordance with the provisions hereof. All Certificates surrendered in any such exchanges or transfers shall forthwith be canceled and destroyed by the Registrar. Upon every exchange or transfer of Certificates, the person requesting the exchange or transfer shall pay to the Registrar its customary fee for the preparation and issuance of the new Certificates and shall reimburse it for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer. Such amounts shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Registrar shall not be obligated to make any such exchange or transfer of any Certificate for a period of 15 days next preceding any interest or principal payment date or to transfer any Certificates called for redemption.

8. The Registrar hereby agrees to undertake all duties and responsibilities imposed on the Registrar pursuant to this Lease, including, but not limited to, its duties as registrar and paying agent for

the Certificates. As such, the Registrar shall keep the books for the registration and transfer of the Certificates and shall be responsible for making the payments of principal and interest as the same become due upon the Certificates from funds provided by the City to the Registrar for such purposes. Payments of interest due upon the Certificates prior to maturity or redemption shall be made by the Registrar by mailing a check in the amount due for such interest on each interest payment date to the Registered Owner of each Certificate as of the close of business on the last day of the month immediately preceding the month in which interest on the Certificates is payable, addressed to such Registered Owner's address as shown on the books of registration as required to be maintained under this **Section 8**. Payments of principal due at maturity or at any date fixed for redemption prior to maturity, together with any accrued interest and redemption premium, if any, then due, shall be made by the Registrar upon presentation and surrender of such Certificate at the office of the Registrar. The City agrees to pay to the Registrar such fees as shall be mutually agreeable to the parties hereto for services rendered by the Registrar as registrar and paying agent for the Certificates. Payment to the Registrar for such services shall be made by the City upon statements rendered therefor by the Registrar not more frequently than twice annually.

9. The proceeds received from the sale of the Certificates, including the interest accrued on the Certificates from their dated date to the date of delivery thereof and payment therefor, shall be received by the City, shall be paid over, deposited and credited, and used and applied, as follows:

(a) An amount equal to the accrued interest received upon the issuance, sale and delivery of the Certificates shall be deposited into the Payment Fund established by **Section 10** hereof and disbursed to pay the interest component of the first Distribution on the Certificates on September 1, 2006.

(b) The balance of the proceeds of the Certificates shall be deposited into the Acquisition Fund established in **Section 11** hereof and disbursed to pay the costs of the acquisition of the Leased Property in accordance with the provisions of **Section 12** hereof.

10. There is hereby created and established with the Registrar a fund to be designated the "The City of Lincoln, Nebraska Certificate Payment Fund (2006)" (the "**Payment Fund**"), which shall be used solely to pay the principal of and interest on the Certificates as the same shall become due. There shall be deposited into the Payment Fund all Rental Payments made by the City pursuant to this Lease

and investment earnings as provided in **Section 14** hereof. After payment or provision for payment in full of the principal of and interest on the Certificates, any balance remaining in the Payment Fund shall be paid to the City.

11. There is hereby created and established with the City a fund to be designated the "The City of Lincoln, Nebraska Leased Property Acquisition Fund (2006)" (the "**Acquisition Fund**").

The proceeds from the issuance and sale of the Certificates deposited into the Acquisition Fund shall be used for the following purposes:

(a) Payment, if any, as shall be necessary to reimburse the City in full for advances and payments at any time prior to or after the delivery of the Certificates for expenditures in connection with the purchase, construction and installation of the Leased Property, including, but not necessarily limited to, the repayment of any temporary loan, including interest thereon, the installation of utility services, and any architectural, engineering, legal, fiscal or supervisory costs and expenses relating to the Leased Property.

(b) Payment of legal and accounting fees and expenses and printing and engraving costs incurred in connection with the authorization, sale and issuance of the Certificates, and this Lease and all other documents in connection therewith and payment of all such fees, costs and expenses; and payment of fees and expenses of the Lessor and financial consultant.

(c) Payment for labor, services, materials and supplies used or furnished in the acquisition, construction and installation of the Leased Property, including sales and use taxes, if any, reimbursement to the City for such cost incurred prior to the issuance of the Certificates; payment for the cost of the construction, acquisition and installation of utility services or other facilities, and payment for the miscellaneous expense incidental thereto.

(d) Payment of the fees, if any, for architectural, engineering and supervisory services with respect to the Leased Property.

(e) All money remaining in the Acquisition Fund after the acquisition and installation of all of the Leased Property and after payment or provision for payment of all other items provided for in **Sections 11(a) to (d)**, inclusive, shall be held by the Registrar and applied to the payment of the Distributions on the Certificates next becoming due.

12. Before any of the payments referred to **Section 11** hereof may be made by the City, the City Treasurer shall deliver a certification to the Registrar apprising the Registrar of such disbursement and certifying with respect to each such payment that:

(a) the costs or obligations in the stated amounts in such statement are presently due and payable and that each item specified in such statement is a proper charge against the Acquisition Fund and has not been paid;

(b) none of the items for which the payment is proposed to be made has formed the basis for any payment theretofore made from the Acquisition Fund;

(c) the item is covered by insurance under an existing policy of insurance or that the City has elected to self-insure such item; and

(d) the item for which the payment is proposed to be made is or was necessary or appropriate in connection with the acquisition and installation of the Leased Property.

The necessary financing statements shall be filed by the Registrar in the office of the Secretary of State of the State of Nebraska, in accordance with the U.C.C. The Registrar shall, in addition, file the required continuation statements from time to time, in order to continue the security interest in such property. The certification shall be in substantially the form attached hereto as **Exhibit C**. The Registrar may conclusively rely upon the representations made in such requisition.

13. The completion of the acquisition, construction and installation of the Leased Property and payment of all costs and expenses incident thereto shall be evidenced by the filing with the Registrar of a certificate (the "**Completion Certificate**") of the City (which may state that such certificate is accurate to the best of such certifying officer's knowledge, information and belief) which certificate shall certify that all obligations and costs in connection with the Leased Property and payable out of the Acquisition Fund have been paid and discharged. As soon as practicable, and in any event after 60 days from the date on which the certificate referred to in the preceding sentence has been filed with the Registrar, any balance remaining in the Acquisition Fund shall without further authorization be applied to the payment of the Distributions on the certificates next becoming due.

14. Any money held as a part of the Acquisition Fund, the Payment Fund or other special fund shall be invested or reinvested by the City or the Registrar, as the case may be, at its discretion in:

(a) Bonds, notes, bills or other general obligations of the United States of America, whether interest-bearing or sold at a discount;

(b) Bonds or other interest-bearing obligations, the payment of the principal and interest of which is unconditionally guaranteed by the United States of America;

(c) Obligations issued or guaranteed as to principal and interest by any agency or person controlled or supervised by and acting as an instrumentality of the United States of America pursuant to authority granted by the Congress of the United States of America.

(d) Certificates of deposit issued by commercial banks or savings and loan associations, to the extent that such certificates of deposit are insured by the Federal Deposit Insurance Corporation (the "**FDIC**"). Accounts exceeding the level of applicable FDIC

Insurance shall be collateralized by securities described in **Sections 14 (a) to (c)**, inclusive, hereof.

(e) Repurchase agreements or reverse repurchase agreements with banks and government bond dealers reporting to and trading with the Federal Reserve Bank of New York, when such agreements are secured by securities that (1) are obligations described in **Sections 14(a) to (c)**, inclusive, hereof, (2) are held by a bank or trust company other than a party to the agreement, acting as a fiduciary, for the account of the City, and (3) at all times have a market value (exclusive of accrued interest) at least equal to such agreements so secured.

(f) Money market mutual funds registered with the federal Securities and Exchange Commission, meeting the requirements of Rule 2a-7 under the Investment Company Act of 1940, investing in the securities authorized under **Sections 14(a) to (e)**, inclusive, hereof.

Such investments shall mature or be redeemable at the option of the owner thereof before the respective dates when money held for the credit of such fund will be required for the purposes intended. The City and the Registrar shall invest and reinvest the money in any fund held by them so that the maturity date or date of redemption at the option of the owner thereof shall coincide as nearly as practicable with the times at which the money is needed.

15. Prior to the date the Completion Certificate hereof is filed with the Lessor, the income derived from the investment and reinvestment of funds, the interest accruing on any investment and any profit realized therefrom shall be deposited into the Acquisition Fund and applied to the payment of the costs of acquiring the Leased Property. On and after the date the Completion Certificate is filed with the Lessor, the income derived from the investment and reinvestment of funds, the interest accruing on any investment and any profit realized therefrom shall be deposited into the Payment Fund and applied to the payment of the Distributions becoming due on the Certificates.

16. The City's obligations under this Lease and the liens, pledges, covenants and agreements of the City herein made or provided for with respect to any or all of the Certificates herein authorized shall be fully discharged and satisfied as to any or all of such Certificates and any such Certificate shall no longer be deemed to be outstanding hereunder if such Certificate has been purchased by the City and canceled or when the payment of the principal of and interest thereon to the respective date of maturity or redemption (a) shall have been made or caused to be made in accordance with the terms thereof or (b) shall have been provided for by depositing with the Registrar or with a national or state bank having trust

powers, or trust company, in trust, solely for such payment (1) sufficient money to make such payment or (2) direct general obligations of or obligations the principal and interest of which are unconditionally guaranteed by the United States of America ("**Government Obligations**") in such amount and bearing interest and maturing or redeemable at stated fixed prices at the option of the owner as to principal, at such time or times as will ensure the availability of sufficient money to make such payment; provided, however, that with respect to any Certificate to be paid prior to maturity, the Registrar shall have duly called such Certificate for redemption and given notice of such redemption as provided by law or made irrevocable provision for the giving of such notice. Any money so deposited with the Registrar or with such bank or trust company may be invested or reinvested in Government Obligations in the hands of such bank or trust company in excess of the amount required to the pay principal of and interest on the Certificates for which such money or Government Obligations were deposited shall be paid over to the City as and when collected.

17. The Lessor, the Registrar and the City covenant and agree with the Registered Owners of the Certificates as follows:

(a) To perform all obligations and duties imposed on each of them under this Lease and to maintain this Lease in effect so long as any Certificate remains unpaid.

(b) To comply with all applicable provisions of the Code, as amended, prior to the date of issuance and delivery of the Certificates and with all applicable provisions of any other tax laws existing as of such date and any regulations, published rulings and court decisions pursuant thereto which relate to the exemption from federal income tax of the interest on this Lease and the Certificates, to the extent necessary to comply with such Code, laws, regulations, published rulings, and court decisions or otherwise to preserve such exemption.

(c) To refrain from using, and/or prohibit the use of, any proceeds from the sale of the Certificates or any portion of the Rental Payments in any manner that would cause either this Lease or any Certificate, which at the time of the issuance thereof was not subject to treatment as an "arbitrage bond," as defined in the Code, to be subject to such treatment under the Code so long as this Lease or any Certificates are outstanding.

(d) To take all action necessary to preserve and maintain this Lease and the Certificates as obligations exempt from federal income taxes, including specifically, but without limitation, all arbitrage rebate requirements and information reporting requirements of the Code, so long as this Lease or any Certificates are outstanding.

18. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Lease,

failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, the Beneficial Owner of any Certificate may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this **Section 18**. For purposes of this **Section 18**, (a) “**Beneficial Owner**” means any Registered Owner of a Certificate or any person who (1) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (2) is treated as the owner of any Certificate for federal income tax purposes, and (b) “**Continuing Disclosure Certificate**” means the Continuing Disclosure Certificate executed by the City and dated the date of issuance and delivery of the Certificates, as originally executed and as amended from time to time in accordance with the terms thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their duly authorized representatives as of the day and year first above written.

UNION BANK & TRUST COMPANY, Lincoln,
Nebraska, Lessor

By: _____
Assistant Vice President and Trust Officer

THE CITY OF LINCOLN, NEBRASKA, Lessee

By: _____
Finance Director

UNION BANK & TRUST COMPANY, Lincoln,
Nebraska, Registrar

By: _____
Assistant Vice President and Trust Officer

EXHIBIT A
LEASED EQUIPMENT

EXHIBIT B

FORM OF CERTIFICATE

Registered
No. R-____

Registered
\$

**THE CITY OF LINCOLN, NEBRASKA
CERTIFICATES OF PARTICIPATION - LEASE RENTALS
(Series 2006)**

**Evidencing Proportionate Interests
in Payments to be Made Pursuant to a Lease-Purchase Agreement
with Union Bank & Trust Company
Dated _____, 2006**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
%	March 1, 20__	_____, 2006	

Registered Owner: CEDE & CO.

Principal Amount: _____ DOLLARS

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THE CERTIFICATE SET FORTH ON THE FOLLOWING PAGES, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH AT THIS PLACE.

IN WITNESS WHEREOF, this Certificate has been executed by the manual signature of a duly authorized officer of the Lessor.

This Certificate is dated _____, 2006.

UNION BANK & TRUST COMPANY, Lessor,
Paying Agent and Registrar

By: _____
Authorized Signature

THIS IS TO CERTIFY that the Registered Owner of this Certificate of Participation (herein called this **"Certificate"**) named above is the owner of a proportionate interest hereinafter stated in (a) the Lease-Purchase Agreement dated _____, 2006 (the **"Lease"**) among Union Bank & Trust Company, as lessor (the **"Lessor"**), The City of Lincoln, Nebraska, as lessee (the **"City"**), and Union Bank & Trust Company, as registrar and paying agent (the **"Registrar"**), (b) certain equipment to be used by the City (the **"Leased Property"**) which is the subject of the Lease and (c) the basic cash rental payments (the **"Rental Payments"**) required to be made by the Lessee under the Lease.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Lease, on the Maturity Date set forth above, the Principal Amount stated above, representing a proportionate interest in the Rental Payments designated as principal coming due on the Maturity Date, and to receive from the date hereof the Registered Owner's proportionate share of the Rental Payments payable under the Lease designated as interest coming due semiannually on March 1 and September 1 of each year, beginning September 1, 2006, to and including the Maturity Date or the date of prepayment, whichever is earlier; provided that interest with respect hereto shall be payable from the interest payment date next preceding the date upon which this Certificate is registered unless (a) this Certificate is registered as of an interest payment date, in which case interest shall be payable from such interest payment date or (b) no interest has been paid or duly provided for with respect to this Certificate, in which case interest shall be paid from _____, 2006. Such proportionate share is the result of the multiplication of the aforesaid portion of the Rental Payments designated as principal coming due on the Maturity Date by the Interest Rate set forth above.

All amounts payable hereunder are to be paid in lawful money of the United States of America, which at the time of payment is legal tender. The principal and interest due at maturity or upon redemption prior to maturity with respect to all Certificates shall be payable at the designated corporate trust administration office of the Registrar as registrar and paying agent. Interest payable with respect to all Certificates due prior to maturity or earlier redemption shall be paid by check or draft mailed by the Registrar on each interest payment date to the registered owners thereof as of the last day of the month preceding the month in which such interest is payable and at the address shown on the books of registration maintained by the Registrar.

Certificates maturing on or after March 1, 2011 are redeemable at the option of the Lessor upon the direction of the Lessee at any time on or after _____, 201__ at par plus accrued interest to the date fixed for redemption. If less than all of the Certificates are redeemed at any time, they shall be redeemed by lot in integral multiples of \$5,000.

In the event any of the Certificates or portions thereof (which shall be \$5,000 or any integral multiple thereof) are called for redemption as aforesaid, notice thereof identifying such Certificates or portions thereof to be redeemed will be given by the Registrar by mailing a copy of the redemption notice by first-class mail, postage prepaid, at least 30 days prior to the date fixed for redemption to the registered owner of each Certificate to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Certificate with respect to which no such failure has occurred. All Certificates so called for redemption will cease to bear interest after the specified redemption date provided funds for their redemption are on deposit at the place of payment at that time. If less than all of the principal amount of any Certificate of this series is to be redeemed, in such case upon the surrender of such Certificate there shall be issued to the registered owner thereof without charge therefor, for the then unredeemed balance of the principal amount thereof, Certificates of like series, maturity and interest rate in any of the authorized denominations provided by the Lease.

This Certificate is one of a series of Certificates evidencing assignments of proportionate interests in the rights to receive Rental Payments pursuant to the Lease in an aggregate principal amount of \$[Principal Amount] issued for the purpose of providing funds to finance the acquisition of the Leased Property. Under the Lease, the Leased Property has been leased by the Lessor to the City and the City has agreed to pay directly to the Registrar the semiannual Rental Payments in consideration for its right to use the Leased Property, part of the proceeds of which are required by the Lease to be distributed by the Registrar to the payment of the Certificates and interest thereon. Under certain circumstances, this Certificate and the interest hereon may also be payable from the net proceeds of casualty insurance policies, or condemnation awards. The Lease term may also be terminated in the event that the City shall exercise its option to purchase the Leased Property by making payments of the purchase price established by the Lease, in which event the proceeds thereof are required to be used to pay the Certificates and the interest thereon.

This Certificate is transferable by the Registered Owner in person or by such Registered Owner's attorney duly authorized in writing, at the principal office of the Registrar but only in the manner and subject to the limitations and conditions provided in the Lease and upon presentation and surrender hereof to the Registrar for cancellation. Upon any such registration of transfer, the Lessor shall execute and the Registrar shall deliver in exchange for this Certificate, a new Certificate or Certificates, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this Certificate, of the same series and maturity and bearing interest at the same rate.

This Certificate shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Lease, until signed on behalf of the Lessor and authenticated by the Registrar.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all acts, conditions, and things required by the Constitution and statutes of the State of Nebraska to exist, to have happened, and to have been performed precedent to and in the delivery of this Certificate exist, have happened, and have been performed in due time, form and manner as required by law

[The remainder of this page intentionally left blank.]

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(Please Print or Typewrite Name, Address and Social Security Number or Taxpayer Identification Number
of Transferee)

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney

to transfer the within Certificate on the books kept for registration thereof, with full power of substitution
in the premises.

Dated: _____, _____

NOTICE: The signature to this assignment
must correspond with the name as it appears
upon the face of the within Certificate in every
particular, without alteration or enlargement or
any change whatever.

Signature Guaranteed By:

(Name of Eligible Guarantor Institution as
defined by SEC Rule 17 Ad-15 (17 CFR 240.17
Ad-15))

By: _____
Title: _____

EXHIBIT C

FORM OF CERTIFICATION

DISBURSEMENT NO. _____

TO: **UNION BANK & TRUST COMPANY**, as Lessor and Registrar pursuant to the Lease-Purchase Agreement (the "**Lease**") between the City and Union Bank & Trust Co., dated _____, 2006.

This certification is made pursuant to **Section 12** of the Lease. Capitalized terms used herein shall have the same meanings specified in the Lease.

The City hereby notifies the Registrar that funds have been disbursed from the Acquisition Fund as follows:

(a) Name and Address of person to whom payment is made:

(b) Amount paid: \$ _____

The City hereby certifies as follows:

(1) the costs or obligations in the stated amounts in such statement are presently due and payable and that each item specified in such statement is a proper charge against the Acquisition Fund and has not been paid;

(2) none of the items for which payment is proposed to be made has formed the basis for any payment theretofore made from the Acquisition Fund;

(3) the item is covered by insurance under an existing policy of insurance or that the City has elected to self-insure such item; and

(4) the item for which the payment is proposed to be made is or was necessary or appropriate in connection with the acquisition and installation of the Leased Property.

DATED: _____

THE CITY OF LINCOLN, NEBRASKA

By: _____
City Treasurer

\$(Principal Amount)*

**THE CITY OF LINCOLN, NEBRASKA
CERTIFICATES OF PARTICIPATION – LEASE RENTALS
(Series 2006)**

**Evidencing Proportionate Interests in Lease Payments to be Made
Pursuant to a Lease-Purchase Agreement By and Between
The City of Lincoln, Nebraska, as Lessee, and
Union Bank & Trust Company, as Lessor**

OFFICIAL NOTICE OF SALE

The above-referenced Certificates of Participation – Lease Rentals (Series 2006) (the **"Certificates"**), are being offered for sale in accordance with this Official Notice of Sale. Bids for the purchase of the Certificates will be received on behalf of The City of Lincoln, Nebraska (the **"City"**) on the AICaution website (**"AICaution"**) at website address **"www.aicauction.com"** on **February __, 2006** between 11:15 a.m. and 11:30 a.m., Eastern Time or such other date and time as may be established by the City Finance Director or his designee and communicated by Thomson Municipal Market Monitor or on AICaution not less than 20 hours prior to the time bids are to be received. To bid, bidders must have (a) completed the registration form on the AICaution website, and (b) requested and received admission to the City's auction as described herein. The use of the AICaution shall be at the bidder's risk and expense and the City shall have no liability with respect thereto.

February __, 2006

* Estimated, subject to change. Amounts may be increased or decreased after submission of bids as described herein under **"ADJUSTMENT OF PRINCIPAL AMOUNTS."**

BOOK-ENTRY

OFFICIAL NOTICE OF SALE

\$[Principal Amount]*
THE CITY OF LINCOLN, NEBRASKA
CERTIFICATES OF PARTICIPATION – LEASE RENTALS
(Series 2006)

Evidencing Proportionate Interests in Lease Payments to be Made
Pursuant to a Lease-Purchase Agreement By and Between
The City of Lincoln, Nebraska, as Lessee, and
Union Bank & Trust Company, as Lessor

Notice is hereby given that all-or-none bids will be received by The City of Lincoln, Nebraska (the “City”) for the purchase of \$[Principal Amount]* aggregate principal amount of the above-referenced Certificates of Participation – Lease Rentals (Series 2006) (the “Certificates”) only on the AICaution website (“AICaution”) at website address “www.aicauction.com” between 11:15 a.m. and 11:30 a.m. Eastern Time on _____, February ___, 2006, or on such other date and time as may be established by the City Finance Director or his designee. The principal maturities of the Certificates, or any other provisions of this Official Notice of Sale may be amended by the City and communicated by Thomson Municipal Market Monitor or through AICaution not less than 20 hours prior to the time the bids are to be received. To bid, bidders must have (a) completed the registration form on the AICaution website, and (b) requested and received admission to the City’s auction as described under the heading “**REGISTRATION AND ADMISSION TO BID**” below. Use of the AICaution shall be at the bidder’s risk and expense and the City shall have no liability with respect thereto. All capitalized terms used herein which are not otherwise defined shall have the respective meanings set forth in the above-referenced Lease-Purchase Agreement (the “Agreement”).

FORM, MATURITY AND PAYMENT OF CERTIFICATES

The Certificates shall be issued in fully registered form in denominations of \$5,000 or integral multiples thereof; shall be dated the date of delivery thereof (the “**Dated Date**,” currently anticipated to be March ___, 2006); shall bear interest from their Dated Date, payable on March 1 and September 1 of each year, commencing September 1, 2006, and shall mature on March 1 in the years as set forth below in the approximate principal amounts set forth below:

<u>Year</u>	<u>Principal Amount*</u>	<u>Year</u>	<u>Principal Amount*</u>
2007	,000	2012	,000
2008	,000	2013	,000
2009	,000	2014	,000
2010	,000	2015	,000
2011	,000	2016	,000

* Estimated, subject to change. Amounts may be increased or decreased after submission of bids as described herein under “**ADJUSTMENT OF PRINCIPAL AMOUNTS**.”

Certificates of any maturities may be designated as term maturities; provided, however that no more than two term maturities may be specified in any bid.

BOOK-ENTRY SYSTEM

The Certificates will be initially registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”) under DTC’s book-entry system of registration. Purchasers of interests in the Certificates (the “**Beneficial Owners**”) will not receive physical delivery of certificates and ownership by the Beneficial Owners of the Certificates will be evidenced by book-entry notations only. See “**APPENDIX D – BOOK-ENTRY SYSTEM**” to the Preliminary Official Statement with respect to the Certificates posted on AICaution (the “**Preliminary Official Statement**”). As long as Cede & Co. is the registered owner of the Certificates as nominee of DTC, payments of principal and interest will be made directly to DTC, which will in turn remit such payments to the DTC participants for subsequent disbursement to the Beneficial Owners.

ADJUSTMENT OF PRINCIPAL AMOUNTS

If, after the final computation of the bids, the City determines in its sole discretion that the funds necessary to accomplish the purposes of the Certificates is more than the proceeds of the sale of all of the Certificates, the City reserves the right to decrease, by no more than 10%, the aggregate principal amount (as set forth in this Official Notice of Sale) of the Certificates. The amount of Certificates maturing in each year may be increased or decreased by more than 10% so long as the City adheres to the overall 10% limitation on the amount of change to the aggregate principal amount and the aggregate principal amount of the Certificates does not exceed \$[Principal Amount].

In the event of such adjustment, no rebidding or recalculation of the bids for the Certificates will be permitted or required. The purchase price of the Certificates will be computed by taking the adjusted par amount of the Certificates and (a) either subtracting the aggregate original issue discount or adding the aggregate original issue premium, as applicable, computed on the adjusted par amounts of each maturity of the Certificates and the prices provided by the underwriters; and (b) subtracting the amount obtained by multiplying the per bond dollar amount of the underwriter’s spread by the adjusted par amount of the Certificates. The Certificates of each maturity, as adjusted, will bear interest at the same rate and must have the same initial reoffering yields as specified for that maturity immediately after award of the Certificates by the successful bidder for the Certificates. However, the award will be made to the bidder whose bid produces the lowest true interest cost, calculated as specified below, solely on the basis of the Certificates offered, without taking into account any adjustment in the amount of Certificates pursuant to this paragraph.

TERM MATURITY OPTIONS

Any bidder may, at its option, specify that the stated maturities of the Certificates will consist of not to exceed two term maturities which are subject to mandatory sinking fund redemption in consecutive years immediately preceding the maturity thereof (a “**Term Maturity**”) as designated in the bid of such bidder. In the event that the bid of the successful bidder specifies that any maturity of the Certificates will be a Term Maturity, such Term Maturity will be subject to mandatory sinking fund redemption on March 1, in each applicable year, in the principal amount for such year as set forth hereinbefore under the heading “**FORM, MATURITY AND PAYMENT OF CERTIFICATES,**” or as adjusted as provided herein, at a redemption price equal to 100% of the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date.

OPTIONAL REDEMPTION PROVISIONS

The Certificates maturing on and before March 1, 201__ are not redeemable prior to their stated dates of maturity. The Certificates maturing on or after March 1, 201__ are redeemable prior to their stated dates of maturity, at the option of the City, as a whole at any time or in part from time to time on or after _____, 201__, from such maturities and in such amounts as the City in its discretion shall select and by lot within a maturity if less than a full maturity is redeemed, from money which may be available for such purpose and deposited with the paying agent for the Certificates on or before the date fixed for redemption, at a redemption price equal to 100% of the principal amount thereof plus accrued interest on such principal amount to the redemption date.

AUTHORITY AND PURPOSE

The Certificates represent direct and proportionate interests in basic cash rental payments (the **“Rental Payments”**) to be made by the City pursuant to the Agreement. Pursuant to the Lease, the City is required to make Rental Payments that comprise the principal and interest to be distributed (the **“Distributions”**) to the registered owners of the Certificates. The City is executing and delivering the Agreement under the authority of, and in full compliance with, the Constitution and Statutes of the State of Nebraska and the Home Rule Charter of the City (the **“Charter”**), including, Section 15-201.02, Reissue Revised Statutes of Nebraska, as amended, (the **“Act”**). The execution and delivery of the Agreement was authorized by Ordinance No. _____ adopted by the City Council on February 27, 2006 (the **“Ordinance”**), to provide funds (a) to pay the costs of purchasing new light poles and related equipment (collectively, the **“Leased Property”**) for use by the City as described in the Official Statement with respect to the Certificates (the **“Official Statement”**), and (b) to pay certain costs and expenses of issuing the Certificates.

SECURITY

The City has contracted in the Agreement to pay the Rental Payments from which the Distributions will be made, which Rental Payments are general obligations of the City payable from the City's General Fund. The City's General Fund includes sales tax revenue together with ad valorem taxes which the City is authorized to levy, subject to certain budget and levy limitations, in amounts sufficient to make the Rental Payments. In the Lease, the City has covenanted that the Rental Payments and any additional rent payable under the Lease do not exceed any limitation imposed by law, and that the Rental Payments are not such as may reasonably be expected to require the City to levy taxes in excess of any levy or budget limitation. The City shall continue to be responsible to raise funds to pay and to take all actions required to provide funds to make the Rental Payments required in the Lease from any power and source lawfully available. The City has further covenanted and agreed that throughout the term of the Lease it will observe all budget and spending limitations now or hereafter imposed by law in such a manner that a sufficient portion of its tax levy or other money shall be lawfully available to pay the Rental Payments and any additional rent due under the Lease. Reference is hereby made to the Official Statement available at www.AICaution.com for a more complete description of the security for the Rental Payments under the Agreement.

INTEREST RATES

Bidders shall specify rates of interest on the basis of a 360-day year consisting of twelve, 30-day months, expressed in multiples of 1/8 or 1/20 of 1% per annum, with the same single interest rate for any one maturity. The use of split or supplemental interest coupons will not be considered and a zero rate or blank rate will not be permitted. All Certificates maturing on the same date shall bear the same rate of interest.

GOOD FAITH DEPOSIT

Each bidder must provide a good faith deposit (the “**Deposit**”), in the form of a cashier’s or certified check payable to the order of the City or in the form of a financial surety bond (a “**Surety Bond**”), in the amount of \$_____. If a check is used, it must be provided to the City prior to the bid. If a Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of Nebraska and approved by the City. Such Surety Bond must be provided to the City prior to the submission of the bids. The Surety Bond must identify each bidder whose Deposit is guaranteed by such Surety Bond. If the Bonds are awarded to a bidder utilizing a Surety Bond, that bidder is required to submit its Deposit in the form of a wire transfer as instructed by the City. Such Deposit shall be considered due by 11:00 a.m. Eastern Time on the next business day following the award. If such Deposit is not received by that time, the Surety Bond may be drawn upon by the City to satisfy the Deposit requirement. No interest on the Deposit will accrue to the successful bidder. The Deposit will be applied to the purchase price of the Certificates. In the event the successful bidder fails to honor its accepted bid, the Deposit will be retained by the City as liquidated damages. In the event that the City fails to deliver the Certificates to the successful bidder, the Deposit shall be immediately delivered by the City to the successful bidder or the insurance company that issued the Surety Bond, whichever is applicable, and neither the successful bidder, the City, nor any other party shall have any further obligation with respect to the Certificates.

REGISTRATION AND ADMISSION TO BID

To bid, bidders must first visit the AICaution website to register, if necessary, and request admission to bid on the Certificates. Bidders will be notified prior to the scheduled bidding time of their eligibility to bid. Only NASD registered broker-dealers and dealer banks with DTC clearing arrangements will be eligible to bid. The City will determine whether any request for admission is granted. Bidders who have previously registered with MuniAuction may call MuniAuction at (413) 391-5555, extension 370 (auction support) for their ID Number or password.

BIDDING PROCEDURES

All bids must be submitted on AICaution at www.aicauction.com. No telephone, facsimile or personal delivery bids will be accepted. Bidders may change and submit bids as many times as they like during the auction; provided, however, each submitted bid, other than a bidder’s initial bid, must result in a lower true interest cost (“**TIC**”), when compared to the immediately preceding bid of such bidder. The last bid submitted by a bidder before the end of the auction will be compared to all other final bids submitted by others to determine the winning bidder. During the bidding, no bidder will see any other

bidder's bid, but each bidder will see their rank order (i.e., leader, cover, third, etc.). During the bidding, bidders will be able to see whether any bid has been submitted for the Certificates.

Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the AICaution Observation Page immediately after the auction.

RULES OF AICAUTION

The "Rules of AICaution" can be viewed on AICaution and are incorporated herein by reference. Bidders must comply with the Rules of AICaution in addition to the requirements of this Official Notice of Sale. In the event the Rules of AICaution conflict with this Official Notice of Sale, this Official Notice of Sale shall prevail.

(a) A bidder submitting a winning bid is irrevocably obligated to purchase the Certificates at the rates and prices of the winning bid, if acceptable to the City. Winning bids are not officially awarded to the winning bidder until formally accepted by the City.

(b) Neither Ameritas Investment Corp. ("**AIC**") nor MuniAuction (the "**Auction Administrator**") is responsible for technical difficulties that result in the loss of a bidder's internet connection with AICaution, slowness in transmission of bids, or other technical problems.

(c) If for any reason the bidder is disconnected from the "Auction Page" of AIC Auction during the auction after having submitted a winning bid, such bid is valid and binding upon the bidder, unless the City exercises its right to reject bids, as set forth herein.

(d) Bids which generate error messages are not accepted until the error is corrected and the bid is received prior to the deadline.

(e) Bidders accept and agree to abide by all terms and conditions specified in this Official Notice of Sale, including any amendment hereto (the "**Amendments**").

(f) Neither AIC nor the Auction Administrator is responsible to any bidder for any defect or inaccuracy in this Official Notice of Sale, the Amendments, or the Preliminary Official Statement as each appears on AICaution.

(g) Only bidders who request and receive admission to an auction may submit bids. AIC and the Auction Administrator reserve the right to deny access to AICaution to any bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.

(h) Neither AIC nor the Auction Administrator is responsible for protecting the confidentiality of a bidder's AICaution password.

(i) If any bid becomes a leading bid two minutes prior to the end of the auction, then the auction will be automatically extended by two minutes from the time such new leading bid was received by AICaution. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two minutes.

(j) If two bids submitted in the same auction by the same or different bidders result in the same TIC, the first bid received by AICaution prevails. Any change to a submitted bid constitutes a new bid regardless of whether there is a corresponding change in the TIC or yield to maturity.

(k) Bidders must compare their final bids to those shown on the "Observation Pages" of AICaution immediately after the bidding period ends, and if a bidder disagrees with final results shown on the "Observation Pages," such bidder must report such disagreement to AICaution within 15 minutes after the bidding period ends. Regardless of the final results reported by AICaution, Certificates are definitively awarded to winning bidders only upon official award by the City. If, for any reason, the City fails to: (1) award the Certificates to the winner reported by AICaution, or (2) deliver the Certificates to winning bidder(s) at settlement, none of AIC, the Auction Administrator, or the City will be liable for damages.

TERMS OF BID AND BASIS OF AWARD

Proposals must be unconditional for the purchase of all of the Certificates. The aggregate purchase price, inclusive of original issue discount ("OID") and underwriter's discount, may not be less than _____% of the principal amount of the Certificates. No bid offering an interest rate for any maturity in excess of _____% will be considered.

The Certificates will be awarded to the bidder offering to purchase all of the Certificates at the lowest TIC. The TIC will be determined by doubling the semi-annual interest rate necessary to discount the semi-annual debt service payments on the Certificates back to the Net Proceeds (defined as the par amount of the Certificates less any original issue discount, plus any original issue premium, and less underwriter's discount on the Certificates calculated on a 360-day year to the Dated Date). For purposes hereof, sinking fund installments for any Term Maturities shall be considered as serial maturities. The TIC must be calculated to 4 decimal places.

THE CITY RESERVES THE RIGHT TO REJECT ALL BIDS OR ANY BID NOT CONFORMING TO THIS OFFICIAL NOTICE OF SALE OR NOT SUBMITTED IN THE FORM OF THE OFFICIAL BID FORM. THE CITY ALSO RESERVES THE RIGHT TO WAIVE, IF PERMITTED BY LAW, ANY IRREGULARITY OR INFORMALITY IN ANY PROPOSAL. THE CITY SHALL NOT REJECT ANY CONFORMING BID, UNLESS ALL CONFORMING BIDS ARE REJECTED.

VERIFICATION; RIGHT OF REJECTION

Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the AICaution Observation Page immediately after the auction.

The City reserves the right to reject any and all bids, to waive any irregularity or informality in any bid, to take any action adjourning or postponing the sale of the Certificates or to take any other action the City may deem to be in its best interest.

STANDARD FILINGS AND CHARGES

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-36. The winning bidder will be required to pay the standard MSRB charge for Certificates purchased. In addition, those who are members of the Bond Market Association (“**BMA**”) will be required to pay BMA’s standard charge per bond.

CUSIP NUMBERS AND DTC ELIGIBILITY

It is anticipated that CUSIP identification numbers will be printed on the Certificates, but neither the failure to print such number on any Certificates nor any error with respect thereto shall constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the Certificates in accordance with their agreement to purchase the Certificates. All expenses in relation to the printing of CUSIP numbers on the Certificates shall be paid for by the City; provided, however, that it shall be the responsibility of the successful bidder to timely obtain and pay for the assignment of such CUSIP numbers.

It is anticipated that the Certificates will be issued in book-entry form and eligible for custodial deposit with DTC; however, it will be the responsibility of the successful bidder to obtain such eligibility. Failure of the successful bidder to obtain DTC eligibility shall not constitute cause for failure or refusal by the successful bidder to accept delivery of and pay for the Certificates in accordance with its agreement to purchase the Certificates.

DELIVERY OF CERTIFICATES

The City will pay the cost of preparing the Certificates. Delivery of and payment for the Certificates will be made on or about _____, 2006 (the “**Date of Delivery**”) in New York, New York, or such other time and place mutually acceptable to the successful bidder and the City. Payment of the full purchase price, less the Deposit, shall be made to the City at the closing, in Federal Reserve Funds of the United States of America, without cost to the City.

The legal opinion of Gilmore & Bell, P.C., Lincoln, Nebraska (“**Special Tax Counsel**”) will be furnished without charge to the successful bidder at the time of delivery of the Certificates. A legal opinion of Special Tax Counsel concerning certain matters concerning the Official Statement will also be provided to the successful bidder without charge.

There will also be furnished at the time of delivery of the Certificates, a certificate or certificates (which may be included in a consolidated closing certificate) relating to the accuracy and completeness of the Official Statement; and stating, among other things, that there is no litigation or administrative action or proceeding pending or, to the knowledge of the City, threatened, at the time of delivery of the Certificates, (a) to restrain or enjoin or seeking to restrain or enjoin the issuance and delivery of the Certificates or the execution and delivery of the Agreement or (b) affecting the validity of the Certificates or the Agreement, and that the Preliminary Official Statement has been deemed by the City to be a “final official statement” for purposes of SEC Rule 15c2-12(b)(3) and (4).

The successful bidder will be responsible for the clearance or exemption with respect to the status of the Certificates for sale under the securities or “Blue Sky” laws of the several states and the preparation of any surveys or memoranda in connection with such sale.

DISCLOSURE; AMENDMENTS TO NOTICE OF SALE; NOTIFICATION OBLIGATIONS OF PURCHASER

This Official Notice of Sale is not intended as a disclosure document and bidders are required to obtain and carefully review the Preliminary Official Statement before submitting a bid.

This Official Notice of Sale may be amended from time to time after its initial publication by publication of amendments thereto not less than 20 hours prior to the time bids are to be received by publication on the "Amendments Page" of AICaution or by Thomson Municipal Market Monitor. Each bidder will be charged with the responsibility of obtaining any such amendments and complying with the terms thereof.

The successful bidder, by submitting its bid, agrees to furnish to the City and Bond Counsel a certificate verifying information as to the bona fide initial offering prices of the Certificates to the public and sales of the Certificates appropriate for determination of the issue price of, and the yield on, the Certificates under the Internal Revenue Code of 1986, as amended, and such other documentation as and at the time requested by Bond Counsel.

The successful bidder shall verify in writing to the City its bid by executing **Exhibit A** to this Official Notice of Sale and attaching a printed copy of its winning bid as reported on the AICaution Observation Page.

OFFICIAL STATEMENT

The City shall furnish at its expense within seven business days after the Certificates have been awarded to the successful bidder, or at least five business days before closing, whichever is earlier, up to 150 copies of the final Official Statement, which, in the judgment of the financial advisor to the City will permit the successful bidder to comply with applicable SEC and MSRB rules. The successful bidder may arrange for additional copies of the final Official Statement at its expense.

CONTINUING DISCLOSURE

In order to assist bidders in complying with SEC Rule 15c2-12, the City will undertake to provide, or cause to be provided, certain financial information and operating data and to provide notices of certain material events. Such information, data and notices will be filed with each Nationally Recognized Municipal Securities Information Repository ("NRMSIR") through DisclosureUSA or any other conduit entity approved by the Securities and Exchange Commission for the submission of information to the NRMSIRs. Notices of material events may also be filed with the Municipal Securities Rulemaking Board. The proposed form of such undertaking is contained in the Preliminary Official Statement. A copy of the undertaking will be made available to the successful bidder by facsimile transmission prior to the delivery of the Certificates and will be included in the transcript of proceedings relating to the issuance of the Certificates.

DISCLOSURE INFORMATION

The Preliminary Official Statement, as supplemented and amended by this Official Notice of Sale, is “deemed final” (except for permitted omissions) by the City in accordance with SEC Rule 15c2-12 and is available only on AICAuction at www.aicauction.com. The Official Bid Form is also available only on AICAuction at www.aicauction.com. Questions concerning the Preliminary Official Statement may be addressed to Don Herz, Finance Director, City of Lincoln, Nebraska, 555 South 10th Street, Lincoln, Nebraska 68508, (402) 441-7412, or to the financial advisor to the City, Ameritas Investment Corp., 5900 “O” Street, First Floor, Lincoln, Nebraska, 68510, (402) 467-6948, Attention: Scott Keene, before a bid is submitted. Any questions concerning AICAuction should be directed to MuniAuction, Inc. at (412) 391-5555, extension 370 (auction support).

THE CITY OF LINCOLN, NEBRASKA

By: /s/ Don Herz
Finance Director

EXHIBIT A
OFFICIAL BID FORM

[\$[Principal Amount]*
THE CITY OF LINCOLN, NEBRASKA
CERTIFICATES OF PARTICIPATION – LEASE RENTALS
(Series 2006)
Evidencing Proportionate Interests in Lease Payments to be Made
Pursuant to a Lease-Purchase Agreement By and Between
The City of Lincoln, Nebraska, as Lessee, and
Union Bank & Trust Company, as Lessor

The City of Lincoln, Nebraska
555 South 10th Street
Lincoln, Nebraska 68508

February ____, 2006

Ladies and Gentlemen:

On behalf of the undersigned and any underwriting syndicate which we have formed and lead, and in accordance with the terms and conditions of the attached Official Notice of Sale, dated February ____, 2006, which is hereby made a part of this proposal, we offer to purchase all of the \$[Principal Amount]* aggregate principal of the above-referenced Certificates of Participation – Lease Rentals (Series 2006) (the “**Certificates**”). We will pay as the purchase price thereof, the aggregate sum of

Dollars (\$_____) ⁽¹⁾, in immediately available Federal Funds.

The Certificates will be dated the date of delivery thereof, bear interest from such date payable March 1 and September 1 of each year, beginning September 1, 2006, until maturity or prior redemption. The Certificates shall mature in the years and be subject to mandatory sinking fund redemption (if Term Maturities are specified by the bidder) in the amounts, and bear interest at the respective interest rates per annum, all as stated in the following schedule:

Year	Principal Amount* ⁽¹⁾	Coupon	Yield	Year	Principal Amount* ⁽¹⁾	Coupon	Yield
2007	\$,000			2012	\$,000		
2008	,000			2013	,000		
2009	,000			2014	,000		
2010	,000			2015	,000		
2011	,000			2016	,000		

* Preliminary, subject to change.

⁽¹⁾ Subject to adjustment as provided in the Official Notice of Sale.

Certificates of any maturities may be designated as Term Maturities; provided, however, that no more than two Term Maturities may be specified in any bid.

The principal installments for the Certificates indicated above, shall be applied for the mandatory retirement of up to two Term Maturities in the years and amounts and bearing interest as follows:

\$ _____ Term Maturities maturing on March 1, 20____ at _____% per annum to yield _____% per annum.

\$ _____ Term Maturities maturing on March 1, 20____ at _____% per annum to yield _____% per annum.

Subject to your acceptance of our Official Bid, we agree to make a bona fide public offering of all the Certificates at yields not lower than those set forth in the above maturity schedule. Our calculation, made as provided in the Official Notice of Sale, of the true interest cost to the City is _____%. This estimate is for information purposes only and is not binding on the City or the undersigned.

In accordance with the Official Notice of Sale (check one of the following):

____ We enclose herewith a Cashier's or Certified Check payable to the order of The City of Lincoln, Nebraska.

____ We are an authorized principal of a Surety Bond with respect to this bid as described in the attached Official Notice of Sale and, if this bid is accepted, we will submit our Deposit in the form of a wire transfer as instructed by the City no later than 11:00 a.m. Eastern Time on the next business day following such bid acceptance.

The Deposit will be applied or returned in accordance with the provisions of the Official Notice of Sale.

It shall be a condition of our obligation as the successful bidder to accept delivery of, and pay for, the Certificates that, contemporaneously with, or before accepting, the Certificates and paying for them, we shall receive the Closing Documents specified in the Official Notice of Sale.

We hereby acknowledge receipt of the Preliminary Official Statement for the Certificates "deemed final" (except for permitted omissions) by the City.

We hereby request that _____ copies of the Official Statement (and any supplement thereto) be furnished to us in accordance with the Official Notice of Sale.

We agree to provide a list of all syndicate members by facsimile transmission upon notification of our successful bid. Receipt of such list shall be a condition precedent to the award of the Certificates.

It is understood and agreed that an award will be made for all or none of the Certificates and that the aggregate principal amount of the Certificates and our purchase price as bid may be adjusted as provided in the Official Notice of Sale, the terms of which are incorporated herein by reference.

If the foregoing is acceptable to you, please signify by signing and returning a copy of this Official Bid Form to the undersigned bidder whereupon it will become a binding agreement between us.

Respectfully submitted,

Bidder

By: _____

Accepted and agreed to February ____, 2006

THE CITY OF LINCOLN, NEBRASKA

By: _____
Finance Director

(No addition or alteration, except as provided above, is to be made to this Official Bid Form and it must not be detached from the attached Official Notice of Sale.)

CERTIFICATE WITH RESPECT TO "ISSUE PRICE"

_____, acting on behalf of itself and the syndicate selling group, if any, created by it as purchaser (the **"Purchaser"**) of \$_____ aggregate principal amount of The City of Lincoln, Nebraska Certificates of Participation – Lease Rentals (Series 2006) (the **"Certificates"**), does hereby certify, as follows:

1. As of this date, the terms under which the Purchaser agreed to purchase the Certificates from The City of Lincoln, Nebraska (the **"City"**) in a public bid on February ___, 2006, have not been modified or amended in any material respect.

2. All of the Certificates have been the subject of a bona fide initial offering to the public excluding bondhouses, brokers or similar persons or organizations acting in the capacity of underwriters and wholesalers (the **"Public"**), made pursuant to the final Official Statement dated February ___, 2006 (the **"Official Statement"**), of the City relating to the Certificates.

3. As of this date, none of the Certificates have been sold in exchange for property (other than cash or other legal tender) and none of the Certificates remaining to be sold as of this date are expected to be exchanged for property.

4. All of the Certificates have been initially offered at prices no higher than, or yields no lower than, the respective prices and yields shown on the cover of the Official Statement (the **"Official Statement Prices"**).

5. To the best of our knowledge, based on our records and other information available to us which we believe to be correct after reasonable investigation, as of February ___, 2006, the date of the sale of the Certificates to the Purchaser (the **"Sale Date"**), individual Certificates aggregating to not less than 10% of the total principal amount of each maturity of the Certificates were sold by the Purchaser to the Public at initial offering prices equal to the Official Statement Prices, and no Certificate has been sold to the Public at a price greater than (or a yield less than) the Official Statement Prices. As of the Sale Date, based upon our assessment of the then prevailing market conditions, we had no reason to believe any of the Certificates would be initially sold to the Public at prices or yields different than the Official Statement Prices.

Dated: March ___, 2006

By: _____
Title: _____

\$[Principal Amount]
THE CITY OF LINCOLN, NEBRASKA
CERTIFICATES OF PARTICIPATION – LEASE RENTALS
(Series 2006)
Evidencing Proportionate Interests in Lease Payments to be Made
Pursuant to a Lease-Purchase Agreement By and Between
The City of Lincoln, Nebraska, as Lessee, and
Union Bank & Trust Company, as Lessor

_____, 2006

CERTIFICATE PURCHASE AGREEMENT

Mayor and City Council
The City of Lincoln, Nebraska
555 South 10th Street
Lincoln, Nebraska 68508

Ladies and Gentlemen:

On the basis of the representations, warranties and covenants and upon the terms and conditions contained in this Certificate Purchase Agreement (the **"Purchase Agreement"**), the undersigned, Ameritas Investment Corp., as purchaser (the **"Purchaser"**), hereby offers to purchase \$[Principal Amount] aggregate principal amount of Certificates of Participation – Lease Rentals (Series 2006) described above (the **"COPs"**), to be issued by Union Bank & Trust Company, as lessor (the **"Lessor"**), under the Lease-Purchase Agreement dated the date of delivery and execution thereof (the **"Lease"**) by and among the Lessor, The City of Lincoln, Nebraska (the **"City"**) and Union Bank & Trust Company, as Registrar and Paying Agent (the **"Registrar"**) with respect to the COPs. The execution and delivery of the Lease was authorized by Ordinance No. _____ (the **"Ordinance"**) adopted by the City Council on _____, 2006 and approved by the Mayor on _____, 2006. Capitalized terms used herein shall have the meanings set forth in the Lease and the Ordinance unless some other meaning is plainly indicated.

This offer is made subject to acceptance of this Purchase Agreement by the City on or before 11:59 p.m., Central time, on _____, 2006.

SECTION 1. CITY'S REPRESENTATIONS AND WARRANTIES

By acceptance hereof, the City hereby represents and warrants to the Purchaser as follows:

(a) The City is a city of the primary class and a political subdivision duly organized and validly existing under the Constitution and statutes of the State of Nebraska (the **"State"**) and its Home Rule Charter (the **"Charter"**).

(b) The City has complied with all provisions of the Constitution and statutes of the State and its Charter and has full power and authority to consummate all transactions contemplated by the Ordinance, the Lease, this Purchase Agreement, the Continuing Disclosure Certificate, and all other agreements relating thereto.

(c) The City has duly authorized by all necessary action to be taken by the City (1) the adoption and performance of the Ordinance; (2) the execution, delivery and performance of the Lease, this Purchase Agreement, the Continuing Disclosure Certificate and the Federal Tax Certificate (the **"Tax Certificate"**) executed by the City in connection with the issuance of the COPs; (3) the approval of the Official Statement (hereinafter defined); (4) the execution and performance of any and all such other agreements and documents as may be required to be executed, delivered and performed by the City in order to carry out, give effect to and consummate the transactions contemplated by the Ordinance, the Lease, this Purchase Agreement, the Continuing Disclosure Certificate, the Tax Certificate, and the Official Statement (collectively, the **"COPs Documents"**); and (5) the carrying out, giving effect to and consummation of the transactions contemplated by the COPs Documents. Executed counterparts of the COPs Documents and all such other agreements and documents specified herein will be delivered to the Purchaser by the City at the Closing Time (hereinafter defined).

(d) The COPs Documents, when adopted or executed and delivered by the City, will be the legal, valid and binding obligations of the City enforceable in accordance with their terms, except to the extent that enforcement thereof may be limited by any applicable bankruptcy, reorganization, insolvency, moratorium or other law or laws affecting the enforcement of creditors' rights generally or against entities such as the City and further subject to the availability of equitable remedies.

(e) The issuance of the COPs has been duly authorized by the City, and when issued, delivered and paid for as provided for herein, in the Lease and in the Ordinance, the COPS will have been duly executed, authenticated, issued and delivered and will constitute proportionate interests in the Lease Payments (the **"Lease Payments"**) to be made under the Lease enforceable in accordance with their terms and entitled to the benefits and security of the Lease (subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other law or laws affecting the enforcement of creditors' rights generally or against entities such as the City and further subject to the availability of equitable remedies). The obligation of the City to make the Lease Payments shall be a general obligation of the City payable as to both principal and interest from ad valorem taxes to be levied within certain limitations imposed by the laws of the State and the Charter upon all property subject to taxation within the territorial limits of the City. The full faith, credit and resources of the City have been pledged for the prompt payment of the Lease Payments as the same become due.

(f) The adoption or the execution and delivery, as appropriate, of the COPs Documents and compliance with the provisions thereof, will not conflict with or constitute on the part of the City a violation or breach of, or a default under, any existing law, regulation, court or administrative decree or order, or any agreement, ordinance, resolution, mortgage, lease or other instrument to which it is subject or by which it is or may be bound.

(g) The City is not, or with the giving of notice or lapse of time or both would not be, in violation of or in default under any indenture, mortgage, deed of trust, loan agreement, bond, ordinance, resolution or other agreement or instrument to which the City is a party or by which it is or may be bound, except for violations and defaults which individually and in the aggregate are not material to the City and will not be material to the holders of the COPs. As of the Closing Time, no event will have occurred and be continuing

which with the lapse of time or the giving of notice, or both, would constitute an event of default under the Lease.

(h) The information contained in the Preliminary Official Statement dated _____, 2006 (the "**Preliminary Official Statement**"), as amended and supplemented by the Official Statement dated _____, 2006 (the "**Final Official Statement**"), and in any amendment or supplement thereto that may be authorized for use by the City with respect to the COPs (collectively, the "**Official Statement**"), relating to (1) the organization, operations, and financial and other affairs of the City, (2) the financial statements referred to in **Section 2(j)** hereof, (3) use of the proceeds from the sale of the COPs by the City in the manner set forth in the Lease, and (4) the City's participation in the transactions contemplated by the COPs Documents is, and as of the Closing Time will be, true, correct and complete in all material respects and does not omit and will not omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(i) For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended (the "**1934 Act**"), the City hereby deems the information regarding the City contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the COPs depending on such matters.

(j) The financial statements of the City for the fiscal year ended August 31, 200__, audited by BKD, LLP contained in **Appendix A-2** to the Official Statement, except as noted therein, present fairly and accurately the financial condition of the City as of the dates indicated and the results of its operations for the periods specified, and such financial statements are prepared in conformity with generally accepted accounting principles consistently applied in all material respects for the periods involved.

(k) The City has not, since August 31, 200__, incurred any material liabilities and there has been no material adverse change in the condition of the City, financial or otherwise, other than as set forth in the Official Statement.

(l) The City is authorized under the provisions of the Constitution and laws of the State and its Charter to enter into the transactions contemplated by the COPs Documents.

(m) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the City, threatened against or affecting the City (or, to its knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the COPs Documents or the validity of the COPs, the COPs Documents or any agreement or instrument to which the City is a party and which is used or contemplated for use in the consummation of the transactions contemplated by the COPs Documents.

(n) The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is an issuer whose arbitrage certifications may not be relied upon.

Any certificate signed by any of the authorized officials of the City and delivered to the Purchaser in connection with the Closing shall be deemed a representation and warranty by the City to the Purchaser as to the statements made therein.

SECTION 2. COVENANTS AND AGREEMENTS OF THE CITY

The City covenants and agrees with the Purchaser for the time period specified, and if no period is specified, for so long as any of the COPs remain outstanding, as follows:

(a) To cooperate with the Purchaser and its counsel in any reasonable endeavor to qualify the COPs for offering and sale under the securities or "Blue Sky" laws of such jurisdictions of the United States of America (the "**United States**") as the Purchaser may reasonably request; provided that nothing contained herein shall require the City to file written consents to suit or written consents to service of process in any jurisdiction in which such consent may be required by law or regulation so that the COPs may be offered or sold. The City consents to the use of drafts of the Preliminary Official Statement and drafts of the Final Official Statement prior to the availability of the Final Official Statement by the Purchaser in obtaining such qualification. The Purchaser shall pay all expenses and costs (including legal, registration and filing fees) incurred in connection therewith.

(b) If, prior to the earlier of (1) 90 days after the "end of the underwriting period" (as defined in Rule 15c2-12 under the 1934 Act) or (2) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case earlier than 25 days after the end of the underwriting period, any event shall occur as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein, in the light of the circumstances existing when the Official Statement is delivered to a purchaser, not materially misleading, or the Official Statement is required to be amended or supplemented to comply with law, the City shall promptly prepare and furnish, at the expense of the City, to the Purchaser and to the dealers (whose names and addresses the Purchaser will furnish to the City) to which COPs may have been sold by the Purchaser and to any other dealers upon request, such amendments or supplements to the Official Statement as may be necessary so that the statements in the Official Statement as so amended or supplemented will not, in light of the circumstances existing when the Official Statement is delivered to a purchaser of the COPs, be misleading or so that the Official Statement will comply with law.

(c) Within seven business days after the date of this Purchase Agreement or within sufficient time to accompany any confirmation that requests payment from any customer of the Purchaser, whichever is earlier, the City shall provide to the Purchaser sufficient copies of the Official Statement to enable the Purchaser to comply with the requirements of Rule 15c2-12(b)(4) under the 1934 Act, and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

(d) From the date hereof until the Closing Time, the City shall furnish the Purchaser with a copy of any proposed amendment or supplement to the Official Statement for review and shall not use any such proposed amendment or supplement to which the Purchaser reasonably objects.

(e) The proceeds of the COPs will be used as provided in the Lease for the purpose of paying the costs of purchasing a supply of light poles and related equipment for use by the City (the "**Project**") and to pay certain costs of issuing the COPs.

SECTION 3. PURCHASE, SALE AND DELIVERY OF THE CERTIFICATES

On the basis of the representations, warranties, covenants and agreements contained herein and in the other agreements and documents referred to herein, and subject to the terms and conditions herein set forth, at the Closing Time the Purchaser agrees to purchase from the Lessor and the City agrees to cause the Lessor to sell to the Purchaser the COPs at a purchase price of \$ _____, representing the par amount of the

COPs, less net original issue discount in the amount of \$_____ and less an underwriting discount in the amount of \$_____. The COPs shall be issued under and secured as provided in the Lease, and the COPs shall have the maturities and interest rates and be subject to redemption as set forth in the Lease and the Official Statement.

The Purchaser initially agrees to offer the COPs to the public at the prices set forth on **Exhibit A** attached hereto, but may subsequently change such offering prices; the Purchaser agrees to notify the City of such changes, if such changes occur prior to the Closing Time, but failure so to notify shall not invalidate such changes. The Purchaser may offer and sell the COPs to certain dealers (including dealers depositing the COPs into investment trusts) at prices lower than the public offering prices.

Payment for the COPs shall be made by federal wire transfer or certified in immediately available federal funds payable to the order of the City for the account of the City, at the offices of Gilmore & Bell, P.C. Wells Fargo Center, 1248 "O" Street, Suite 710, Lincoln, Nebraska, at 10:00 a.m., Central time, on _____, 2006, or such other place, time or date as shall be mutually agreed upon by the City and the Purchaser. Upon such payment, the COPs shall be delivered and released upon the instructions of the Purchaser to The Depository Trust Company, New York, New York. The date of such delivery and payment is herein called the "**Closing Date**," and the hour and date of such delivery and payment is herein called the "**Closing Time**."

SECTION 4. USE OF OFFICIAL STATEMENT

The City hereby ratifies and confirms the Purchaser's use of the Preliminary Official Statement and the City authorizes, and will make available, the Official Statement for use by the Purchaser in connection with the sale of the COPs.

SECTION 5. CONDITIONS TO THE PURCHASER'S OBLIGATIONS

The Purchaser's obligations hereunder shall be subject to the due performance by the City of its obligations and agreements to be performed hereunder at or prior to the Closing Time and to the accuracy and completeness of the City's representations and warranties contained herein, as of the date hereof and as of the Closing Time, and are also subject to the following conditions:

(a) The COPs and the Lease shall have been duly authorized, executed and delivered in the form heretofore approved by the Purchaser with only such changes therein as shall be mutually agreed upon by the Purchaser and the City.

(b) At the Closing Time, the Purchaser shall receive the following:

(1) The opinion, in form and substance satisfactory to the Purchaser, dated as of the Closing Date, of Dana W. Roper, City Attorney, relating to the valid authorization, execution and delivery of the Lease and the due authorization and adoption of the Ordinance by the Council, and of Gilmore & Bell, P.C., Special Tax Counsel, relating to the exclusion of interest on the COPs from gross income for federal income tax purposes and certain other matters.

(2) Certified copies of the Ordinance authorizing or approving, as appropriate, the execution and delivery of the Lease, the Official Statement, this Purchase Agreement, the Continuing Disclosure Certificate and the COPs, together with certificates dated the Closing

Date to the effect that the Ordinance and the Lease have not been modified, amended or repealed.

(3) A certificate of the City, satisfactory in form and substance to the Purchaser, dated as of the Closing Date, to the effect that (A) since the date of the Preliminary Official Statement, there has not been any material adverse change in the business, properties, financial condition or results of operations of the City, whether or not arising from transactions in the ordinary course of business, from that set forth in the Preliminary Official Statement, and except in the ordinary course of business or as set forth in the Preliminary Official Statement, the City has not incurred any material liability; (B) there is no action, suit, proceeding or, to the knowledge of the City, any inquiry or investigation at law or in equity or before or by any public board or body pending or, to the knowledge of the City, threatened against or affecting the City, its officers or its property or, to the best of the knowledge of the City, any basis therefor, wherein an unfavorable decision, ruling or finding would adversely affect the City, the transactions contemplated by the COPs Documents or the validity or enforceability of the COPs or the COPs Documents which are not disclosed in the Official Statement; (C) to the knowledge of the City, the information contained in the Official Statement, including the appendices thereto, is true in all material respects and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; (D) the City has duly authorized, by all necessary action, the execution, delivery and due performance by the City of the COPs Documents; and (E) the representations and warranties of the City set forth in the Lease and herein were accurate and complete as of the date hereof and are accurate and complete as of the Closing Time.

(4) A completed Form 8038-G (Information Return for Tax-Exempt Governmental Bond Issuers).

(5) Such additional certificates, legal and other documents, listed on a closing agenda to be approved by Special Tax Counsel and counsel to the Purchaser, as the Purchaser may reasonably request to evidence performance or compliance with the provisions hereof and the transactions contemplated hereby and by the Ordinance, or as Special Tax Counsel shall require in order to render its opinion, all such certificates and other documents to be satisfactory in form and substance to the Purchaser.

SECTION 6. CONDITIONS TO THE CITY'S OBLIGATIONS

The obligations of the City hereunder are subject to the Purchaser's performance of its obligations hereunder.

SECTION 7. THE PURCHASER'S RIGHT TO CANCEL

The Purchaser shall have the right to cancel the obligations of the Purchaser hereunder to purchase the COPs (which cancellation shall not constitute a default for purposes of **Section 3** hereof) by notifying the City in writing or by facsimile of its election to make such cancellation prior to the Closing Time, if at any time prior to the Closing Time:

(a) The Preliminary Official Statement deemed by the City to be “final” pursuant to **Section 1(i)** is thereafter amended or supplemented in a manner that may, in the reasonable judgment of the Purchaser, have a material adverse effect on the marketability of the COPs;

(b) A committee of the House of Representatives or the Senate of the Congress of the United States shall have pending before it legislation which, if enacted in its form as introduced or as amended, would have the purpose or effect of imposing federal income taxation upon interest received on obligations of the general character of the COPs, or the COPs, which, in the Purchaser’s opinion, materially adversely affects the market price of the COPs;

(c) A tentative decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in or be passed by the House of Representatives or the Senate, or be recommended to the Congress of the United States for passage by the President of the United States, or be enacted by the Congress of the United States, or a decision by a court established under Article III of the Constitution of the United States or the Tax Court of the United States shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed having the purpose or effect of imposing federal income taxation, or any other event shall have occurred which results in the imposition of federal income taxation, upon interest received on obligations of the general character of the COPs, or the COPs, which, in the Purchaser’s opinion, materially and adversely affects the market price of the COPs;

(d) Any legislation, ordinance, rule or regulation shall be introduced in or be enacted by the legislature of the State or by any other governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State shall be rendered which, in the Purchaser’s opinion, materially and adversely affects the market price of the COPs, or litigation challenging the law under which the COPs are to be issued shall be filed in any court in the State;

(e) A stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the COPs, or the issuance, offering or sale of the COPs, including all underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provision of the Securities Act of 1933, as amended (the “**1933 Act**”), the 1934 Act or the Trust Indenture Act of 1939, as amended;

(f) Legislation shall be enacted by the Congress of the United States, or a decision by a court of the United States shall be rendered, to the effect that obligations of the general character of the COPs, or the COPs, including all the underlying obligations, are not exempt from registration under or from other requirements of the 1933 Act or the 1934 Act;

(g) Any event shall have occurred, or information become known, which, in the Purchaser’s opinion, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement as originally circulated, or has the effect that the Preliminary Official Statement as originally circulated contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(h) Additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(i) The New York Stock Exchange or any other national securities exchange, or any governmental authority, shall impose, as to the COPs or obligations of the general character of the COPs, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Purchaser;

(j) Any general banking moratorium shall have been established by federal, New York or State authorities;

(k) A material default has occurred with respect to the obligations of, or proceedings have been instituted under the Federal bankruptcy laws or any similar state laws by or against, any state of the United States or any city located in the United States having a population in excess of one million persons or any entity issuing obligations on behalf of such a city or state which, in the Purchaser's opinion, materially adversely affects the market price of the COPs;

(l) Any proceeding shall be pending or threatened by the Securities and Exchange Commission against the City; or

(m) A war involving the United States shall have been declared, or any conflict involving the armed forces of the United States shall have escalated, or any other national emergency relating to the effective operation of government or the financial community shall have occurred, which, in the Purchaser's opinion, materially adversely affects the market price of the COPs.

SECTION 8. INDEMNIFICATION

The City agrees, to the extent legally permitted, to indemnify and hold harmless the Purchaser and any director, officer, employee or controlling person of the Purchaser within the meaning of Section 15 of the 1933 Act (collectively, the **"Indemnified Parties"**), against any and all losses, claims, damages, liabilities or expenses whatsoever caused by any untrue statements or misleading statement or allegedly misleading statement of a material fact contained in the Official Statement or caused by any omission or alleged omission from the Official Statement of any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided that the City shall have no indemnification obligation with respect to any statement or omission in the information contained in the Official Statement under the heading **"UNDERWRITING."**

In case any action shall be brought against one or more of the Indemnified Parties based upon the Official Statement and in respect of which indemnity may be sought against the City, the Indemnified Parties shall promptly notify the City in writing and the City shall promptly assume the defense thereof, including the employment of counsel, the payment of all expenses and the right to negotiate and consent to settlement. Any one or more of the Indemnified Parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Indemnified Parties unless employment of such counsel has been specifically authorized by the City. The City shall not be liable for any settlement of any such action effected without its consent by any of the Indemnified Parties, but if settled with the consent of the City or if there be a final judgment for the plaintiff in any such action against the City or any of the Indemnified Parties, with or without the consent of the City, the City agrees to indemnify and hold harmless the Indemnified Parties to the extent provided herein.

SECTION 9. PAYMENT OF EXPENSES

Whether or not the COPs are sold by the City to the Purchaser (unless such sale be prevented at the Closing Time by the Purchaser's default), the Purchaser shall be under no obligation to pay any expenses incident to the performance of the obligations of the City hereunder. If the COPs are sold by the City to the Purchaser, all expenses and costs to effect the authorization, preparation, issuance, delivery and sale of the COPs (including, without limitation, the fees and disbursements of Gilmore & Bell, P.C., Special Tax Counsel and the expenses and costs for the preparation, printing, photocopying, execution and delivery of the COPs) shall be paid by the City out of the proceeds of the COPs; if the COPs are not sold by the City to the Purchaser (unless such sale be prevented at the Closing Time by the Purchaser's default), all such expenses and costs shall be paid by the City. The Purchaser shall pay from its underwriting fee all closing and registration fees (e.g. DTC), the costs of printing the preliminary Official Statement and the final Official Statement, and all of the Purchaser's out-of-pocket expenses.

SECTION 10. NOTICE

Any notice or other communication to be given under this Purchase Agreement may be given by mailing or delivering the same in writing to the applicable person, as follows:

- (a) If to the City, 555 South 10th Street, Lincoln, Nebraska 68508, Attention: Finance Director.
- (b) If to the Purchaser, Ameritas Investment Corp., 5900 "O" Street, First Floor, Lincoln, Nebraska, 68510, Attention: Scott Keene.

SECTION 11. APPLICABLE LAW: NONASSIGNABILITY

This Purchase Agreement shall be governed by the laws of the State. This Purchase Agreement shall not be assigned.

SECTION 12. EXECUTION OF COUNTERPARTS

This Purchase Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which shall constitute one and the same document.

SECTION 13. RIGHTS HEREUNDER

This Purchase Agreement is made for the benefit of the City and the Purchaser and no other person including any purchaser of the Certificates shall acquire or have any rights hereunder or by virtue hereof.

SECTION 14. EFFECTIVE DATE

This Purchase Agreement shall become effective upon acceptance hereof by the City.

Upon your acceptance of the offer, the foregoing agreement will be binding upon you and the Purchaser. Please acknowledge your agreement with the foregoing by executing the enclosed copy of this Purchase Agreement prior to the date and time specified on page 1 hereof and returning it to the undersigned.

Very truly yours,

AMERITAS INVESTMENT CORP., as Purchaser

By: _____
Vice President

Accepted and agreed to as of
the date first above written.

THE CITY OF LINCOLN, NEBRASKA

By: _____
Title: Finance Director

EXHIBIT A

**TO CERTIFICATE PURCHASE AGREEMENT
DATED _____, 2006**

**MATURITIES, INTEREST RATES, SALES PRICES AND REDEMPTION
PROVISIONS OF THE CERTIFICATES**

<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
\$,000	_____, 2007			
,000	_____, 2008			
,000	_____, 2009			
,000	_____, 2010			
,000	_____, 2011			
,000	_____, 2012			
,000	_____, 2013			
,000	_____, 2014			
,000	_____, 2015			
,000	_____, 2016			

Certificates maturing on or prior to _____, 201__ are not subject to redemption prior to their stated maturities. Certificates maturing on or after _____, 201__ are subject to redemption prior to maturity at the option of the City, in whole or in part, at any time on or after _____, 201__ in such principal amounts and from such maturity or maturities as the City shall specify and by lot in integral multiples of \$5,000 within a maturity at a redemption price equal to 100% of the principal amount thereof, together with accrued interest thereon to the redemption date, but without a redemption premium.